

SECOND REGULAR SESSION

HOUSE BILL NO. 1639

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES NOLTE (Sponsor), ALLEN, NETH, CONWAY (14), NANCE,
SHUMAKE, KOENIG AND BROWN (85) (Co-sponsors).

4535L.05I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 143.071 and 253.550, RSMo, and to enact in lieu thereof three new sections relating to the taxation of business income.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 143.071 and 253.550, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 143.013, 143.071, and 253.550, to read as follows:

143.013. 1. This act shall be known and maybe cited as the "Broad-Based Tax Relief Act of 2012".

2. As used in this section, "business income" means income greater than zero arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. "Business income" shall not include "compensation" as such term is defined under subsection 1 of article IV of section 32.200.

3. In the case of a small corporation described in section 143.471 or a partnership, computing the deduction allowed under subsection 4 of this section, taxpayers described in subdivisions (1) or (2) of this subsection shall be allowed such deduction apportioned in proportion to their share of ownership of the business on the last day of the taxpayer's tax period for which such deduction is being claimed when determining the Missouri adjusted gross income of:

(1) The shareholders of a small corporation as described in section 143.471;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 (2) The partners in a partnership.

17 4. (1) In addition to all other modifications allowed by law, there shall be
18 subtracted from the federal adjusted gross income of an individual taxpayer the amounts
19 of business income as provided in this subsection to the extent included in federal adjusted
20 gross income when determining the taxpayer's Missouri adjusted gross income.

21 (2) (a) For the tax year beginning on or after January 1, 2012, but before
22 December 31, 2012, ten percent of the amount of business income;

23 (b) For the tax year beginning on or after January 1, 2013, but before December
24 31, 2013, twenty percent of the amount of business income;

25 (c) For the tax year beginning on or after January 1, 2014, but before December 31,
26 2014, thirty percent of the amount of business income.

27 (3) (a) For each tax year beginning on or after January 1, 2015, the percentage of
28 the amount of business income to be subtracted under this subsection shall be determined
29 as provided in this subdivision.

30 (b) The office of administration shall compare the sum of the Missouri net
31 individual income tax revenues and the Missouri net corporation income tax revenues, as
32 reported by the department of revenue, received in the fiscal year ending on June 30, 2010,
33 to the Missouri net individual income tax revenues and the Missouri net corporation
34 income tax revenues, as reported by the department of revenue, received in the fiscal year
35 ending on June thirtieth of the tax year preceding the tax year for which the percentage of
36 the amount of business income to be subtracted under this section is being determined
37 under this section. Upon the completion of such comparison, the office of administration
38 shall immediately report the results of such comparison to the director of the department
39 of revenue.

40 (c) If, upon comparison of the sum of the Missouri net individual income tax
41 revenues and the Missouri net corporation income tax revenues received as provided in this
42 subdivision, the office of administration determines that the sum of the Missouri net
43 individual income tax revenues and the Missouri net corporation income tax revenues
44 received in the fiscal year ending on June thirtieth of such preceding tax year are less than
45 the sum of the Missouri net individual income tax revenues and the Missouri net
46 corporation income tax revenues received in the fiscal year ending on June 30, 2010, the
47 percentage of the amount of business income that shall be subtracted under this subsection
48 shall remain at thirty percent until such time the office of administration determines that
49 the sum of the Missouri net individual income tax revenues and the Missouri net
50 corporation income tax revenues received are equal to or greater than the sum of the
51 Missouri net individual income tax revenues and the Missouri net corporation income tax

revenues received in the fiscal year ending on June 30, 2010, and the percentage of business income subtracted should increase as provided in paragraph (d) of this subdivision.

(d) In the first tax year for which the office of administration determines that the sum of the Missouri net individual income tax revenues and the Missouri net corporation income tax revenues received in the preceding fiscal year ending on June thirtieth of such tax year are equal to or greater than the sum of the Missouri net individual income tax revenues and the Missouri net corporation income tax revenues received in the fiscal year ending on June 30, 2010, the percentage of the amount of business income that shall be subtracted under this subsection shall be forty percent, and for all tax years beginning on or after January first following the tax year for which the office of administration makes such determination under this paragraph, the percentage of the amount of business income that shall be subtracted under this subsection shall be fifty percent.

(e) Once an increase occurs in the percentage of the amount of business income to be subtracted under this subsection as provided in paragraph (d) of this subdivision, the percentage of the amount subtracted under this subsection shall not be decreased even if the sum of the Missouri net individual income tax revenues and the Missouri net corporation income tax revenues received in any following fiscal year ending on June thirtieth of any following tax year are less than the sum of the Missouri net individual income tax revenues and the Missouri net corporation income tax revenues received in the fiscal year ending on June 30, 2010.

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable income.

2. For all tax years beginning on or after September 1, 1993, but before December 31, 2011, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

3. For the tax year beginning on or after January 1, 2012, but before December 31, 2012, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five and five-eighths percent of Missouri taxable income.

4. For the tax year beginning on or after January 1, 2013, but before December 31, 2013, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable income.

5. For the tax year beginning on or after January 1, 2014, but before December 31, 2014, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to four and three-eighths percent of Missouri taxable income.

16 **6. (1) For each tax year beginning on or after January 1, 2015, the tax imposed**
17 **upon the Missouri taxable income of corporations shall be in an amount as determined**
18 **under this subsection.**

19 **(2) The office of administration shall compare the sum of the Missouri net**
20 **corporation income tax revenues and the Missouri net individual income tax revenues, as**
21 **reported by the department of revenue, received in the fiscal year ending on June 30, 2010,**
22 **to the sum of the Missouri net corporation income tax revenues and the Missouri net**
23 **individual income tax revenues, as reported by the department of revenue, received in the**
24 **fiscal year ending on June thirtieth of the tax year preceding the tax year for which the**
25 **amount of the tax imposed under this section is being determined under this section. Upon**
26 **the completion of such comparison, the office of administration shall immediately report**
27 **the results of such comparison to the director of the department of revenue.**

28 **(3) If, upon comparison of the sum of the Missouri net corporation income tax**
29 **revenues and the Missouri net individual income tax revenues received as provided in this**
30 **subdivision, the office of administration determines that the sum of the Missouri net**
31 **corporation income tax revenues and the Missouri net individual income tax revenues**
32 **received in the fiscal year ending on June thirtieth of such preceding tax year are less than**
33 **the sum of the Missouri net corporation income tax revenues and the Missouri net**
34 **individual income tax revenues received in the fiscal year ending on June 30, 2010, the**
35 **amount of the tax imposed under this subsection shall remain at an amount equal to four**
36 **and three-eighths percent of Missouri taxable income until such time the office of**
37 **administration determines that the sum of the Missouri net corporation income tax**
38 **revenues and the Missouri net individual income tax revenues received are equal to or**
39 **greater than the sum of the Missouri net corporation income tax revenues and the Missouri**
40 **net individual income tax revenues received in the fiscal year ending on June 30, 2012, and**
41 **the amount of the tax imposed under this subsection should decrease as provided in**
42 **subdivision (4) of this subsection.**

43 **(4) In the first tax year for which the office of administration determines that the**
44 **sum of the Missouri net corporation income tax revenues and the Missouri net individual**
45 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**
46 **tax year are equal to or greater than the sum of the Missouri net corporation income tax**
47 **revenues and the Missouri net individual income tax revenues received in the fiscal year**
48 **ending on June 30, 2010, the amount of the tax imposed under this subsection shall**
49 **decrease to an amount equal to three and three-fourths percent of Missouri taxable income,**
50 **and for all tax years beginning on or after January first following the tax year for which**
51 **the office of administration makes such determination under this subdivision, the amount**

52 of the tax imposed under this subsection shall be an amount equal to three and one-eighth
53 percent of Missouri taxable income.

54 (5) Once a decrease occurs in the amount of the tax imposed under this subsection
55 as provided in subdivision (4) of this subsection, the amount of the tax imposed under this
56 subsection shall not increase even if the sum of the Missouri net corporation income tax
57 revenues and the Missouri net individual income tax revenues received in any following
58 fiscal year ending on June thirtieth of any following tax year are less than the sum of the
59 Missouri net corporation income tax revenues and the Missouri net individual income tax
60 revenues received in the fiscal year ending on June 30, 2010.

253.550. 1. Any taxpayer incurring costs and expenses for the rehabilitation of eligible
2 property, which is a certified historic structure or structure in a certified historic district, may,
3 subject to the provisions of this section and section 253.559, receive a credit against the taxes
4 imposed pursuant to chapters 143 and 148, except for sections 143.191 to 143.265, on such
5 taxpayer in an amount equal to twenty-five percent of the total costs and expenses of
6 rehabilitation incurred after January 1, 1998, which shall include, but not be limited to, qualified
7 rehabilitation expenditures as defined under section 47(c)(2)(A) of the Internal Revenue Code
8 of 1986, as amended, and the related regulations thereunder, provided the rehabilitation costs
9 associated with rehabilitation and the expenses exceed fifty percent of the total basis in the
10 property and the rehabilitation meets standards consistent with the standards of the Secretary of
11 the United States Department of the Interior for rehabilitation as determined by the state historic
12 preservation officer of the Missouri department of natural resources.

13 2. During the period beginning on January 1, 2010, but ending on or after June 30, 2010,
14 the department of economic development shall not approve applications for tax credits under the
15 provisions of subsections 3 and 8 of section 253.559 which, in the aggregate, exceed seventy
16 million dollars, increased by any amount of tax credits for which approval shall be rescinded
17 under the provisions of section 253.559. For each fiscal year beginning on or after July 1, 2010,
18 the department of economic development shall not approve applications for tax credits under the
19 provisions of subsections 3 and 8 of section 253.559 which, in the aggregate, exceed one
20 hundred forty million dollars, increased by any amount of tax credits for which approval shall
21 be rescinded under the provisions of section 253.559. The limitations provided under this
22 subsection shall not apply to applications approved under the provisions of subsection 3 of
23 section 253.559 for projects to receive less than two hundred seventy-five thousand dollars in
24 tax credits.

25 3. For all applications for tax credits approved on or after January 1, 2010, no more than
26 two hundred fifty thousand dollars in tax credits may be issued for eligible costs and expenses
27 incurred in the rehabilitation of an eligible property which is a nonincome producing

28 single-family, owner-occupied residential property and is either a certified historic structure or
29 a structure in a certified historic district.

30 4. The limitations on tax credit authorization provided under the provisions of
31 subsections 2 and 3 of this section shall not apply to:

32 (1) Any application submitted by a taxpayer, which has received approval from the
33 department prior to January 1, 2010; or

34 (2) Any taxpayer applying for tax credits, provided under this section, which, on or
35 before January 1, 2010, has filed an application with the department evidencing that such
36 taxpayer:

37 (a) Has incurred costs and expenses for an eligible property which exceed the lesser of
38 five percent of the total project costs or one million dollars and received an approved Part I from
39 the Secretary of the United States Department of Interior; or

40 (b) Has received certification, by the state historic preservation officer, that the
41 rehabilitation plan meets the standards consistent with the standards of the Secretary of the
42 United States Department of the Interior, and the rehabilitation costs and expenses associated
43 with such rehabilitation shall exceed fifty percent of the total basis in the property.

44 **5. For all fiscal years beginning on or after July 1, 2013, the cumulative amount**
45 **authorized in each fiscal year under this section shall be reduced by the amount necessary**
46 **to replace any revenue lost as a result of the business income tax deduction provided in**
47 **section 143.013 and the reduction in the tax imposed on the Missouri taxable income of**
48 **corporations in section 143.071.**

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